

November 17, 2003

(AR-18J)

Paul Dubenetzky, Chief
Permits Branch
Office of Air Quality
Indiana Department of Environmental Management
100 North Senate Avenue
P.O. Box 6015
Indianapolis, Indiana 46206-6015

Dear Mr. Dubenetzky:

The United States Environmental Protection Agency (U.S. EPA) has reviewed the draft significant source modification and prevention of significant deterioration permit (permit number 089-16966-00316) from the Indiana Department of Environmental Management (IDEM) for Ispat Inland, Inc. in East Chicago, Indiana. This draft permit is for modifications at the Number 7 Blast Furnace that consist of a furnace reline and the addition of a fourth blast air heating stove to provide additional blast capacity. The company intends this modification to increase production of hot metal from this furnace by 772,620 tons per year and cause production increases at a number of existing units (referred to in this letter as debottlenecked units). Below is a list of our comments.

Netting Credits

This draft permit relies on netting credits to remain below the new source review (NSR) significant modification threshold for sulfur dioxide (SO₂), particulate matter, oxides of nitrogen, lead, and volatile organic compounds. Of particular interest to us are the SO₂ netting credits from the 4AC power station. U.S. EPA has initiated an enforcement action regarding construction of the Indiana Harbor coke plant located at Ispat Inland, the resolution of which could affect the number of SO₂ credits available from the 4AC power station shutdown for this modification. Although we have no evidence at this time that

would compel us to prevent IDEM's issuing this permit, we caution you that, if the enforcement action concludes that coke plant emissions were underestimated, one possible outcome is that insufficient netting credits remain for the current blast furnace project. In that event, Inland would have to undergo major NSR for SO2 for this project.

Emission Rates

Since this permit does not rely on synthetic minor limits at the debottlenecked units to avoid NSR, it does not include any new emission rate limits for those units. However, appendix A of the permit lists the emission rates to be used in conjunction with actual throughput rates to demonstrate compliance with the permitted emission limits. In the event that updated emission rate information becomes available, we are concerned that, despite the availability of more accurate data, the permit will allow the source to continue to use the rate listed in appendix A to demonstrate compliance. We expect that the most accurate data will be used to demonstrate compliance with this permit and that, in the future, IDEM will act as expeditiously as possible to update the emissions rates in appendix A when necessary.

We will continue to work with you and your staff to assure that this proposed project meets the requirements of the Clean Air Act. If you have any questions, contact Sam Portanova, of my staff, at (312) 886-3189.

Sincerely,

/s/

Pamela Blakley, Chief
Air Permits Section